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## SOME EFFECTS OF HOUSING REGULATION

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The growth among ordinary people of the perception that the municipality owes a duty to its citizens, is one of the most conspicuous signs of the times. The preponderance of the city as an important factor in national life is of very recent date. Intensive living develops the need for civic interference in directions which in the past have been deemed to be fields of purely private activity. In no direction has this tendency been more obvious than in the regulation of private housing.

Like the individual, the community which turns from evil and careless habits into a better path, finds the road strewn with unsuspected obstacles. One of the first that becomes manifest is, that when an agitation arises for the enactment of regulative legislation, and when such legislation seems to be on the verge of realization, there is an overwhelming rush to file plans for the erection of buildings before the new law becomes effective, in order to evade compliance with the new statute.

The new restrictions are apt to provoke in the minds of capitalists and builders a defiant attitude, and the assumption is very freely voiced that houses built under the new conditions will not pay; hence for quite a considerable period there will be almost an entire cessation of new buildings. The consequence of this condition is that the value of old and unsanitary houses is increased, with the result that for several years the beneficial effects anticipated are not realized.

Out of respect for the rights of owners of property, the law is always tender about interfering with existing conditions and consequently existing tenements are permitted to continue to occupy a percentage of the lot greatly in excess of the requirements made by the new law; they may have windows which do not open to the outer air and many other conditions which are specifically condemned so far as new houses are concerned. Tenement owners take the ground, and it is impossible to deny its superficial justice, that there were

building and tenement laws of some kind in force at the time when they erected their houses; that they complied with such rules and regulations, and that therefore there is a tacit contract by the community with them to permit them to occupy such houses for the period of their normal existence. It is further contended that only on such condition will anyone build at all. The contention is sometimes raised, that if the moral perception of a community advances to a point where better living conditions are required by public opinion, the public should contribute to the changes required to be made.

The New York tenement house law enacted in 1901 marked a great advance in the construction and arrangement of new tenement houses. It contained requirements for light and ventilation, which many builders and owners then regarded as confiscatory. Added to its requirements for light and ventilation were stringent requirements for fireproofing. The plumbing requirements, moreover, and the general arrangement and construction tended to increase the cost of the building. The change from old to new conditions was necessary, however hard it was to comply. Thousands upon thousands of tuberculosis victims could testify that it had been too long delayed. Fortunately the new law contained many restrictions in regard to old buildings, which, while primarily intended to improve the living conditions in them, also rendered the initial cost of a new building only reasonably greater than the value of an old one of similar size which had been made to comply with the law. In spite of this fact a temporary cessation of tenement building followed the enactment of the law, during which time the value of the old buildings rose rapidly. The law was enacted in April, 1901. Almost no tenement houses were erected during the balance of the year, and only 562 were erected in 1902, most of which were of the smallest type.

Owners soon discovered, however, that the cost of complying with the law in regard to the old buildings was considerable and values began to decline. They soon discovered also that the vacancies in new law houses were very few, compared with the vacancies in old law houses, and that the old buildings lost tenants when a new tenement was erected in any neighborhood. Every new tenement house erected under the provisions of the new law became an educational object lesson to persons living in the neighborhood.

People who were not possessed with sufficiently vivid imaginations to understand the written descriptions of conditions which the law required, and thought they were either oppressive or unnecessary, became convinced of their wisdom, when the realization in bricks and mortar was brought before their eyes. Thus a steadily increasing demand for new tenements arose. More than 22,000 new law tenements have now been erected in the city; nearly a billion dollars has been invested in them in eleven years, and almost a million and a half people live in them. It is safe to say that this gratifying result has been accomplished largely by the preservation of a sort of balance in values. Only in this way can the problem of rents be met when changes in building laws are made. So long as the values remain relatively unchanged, the demand for the better housing conditions afforded by the new type of houses will increase and will eventually predominate.

It has been the custom for many years in certain foreign cities for the municipality to tear down old unsanitary tenement houses. The work of the London county council is probably the most notable example of this procedure. There the city condemns a large slum tract, tears the buildings down and erects new sanitary dwellings upon the site at its own expense. The advantages of this method, however, are counteracted even there to some extent by the hardships produced through tardiness in replacement. Hundreds of people are practically left homeless when a slum area is demolished, and statistics show that the process of rebuilding is far from keeping pace with that of demolition. There is, furthermore, a certain harshness about this procedure which seems to be somewhat repugnant to American legal principles. This method is also open to the objection that a municipality can rarely acquire property at reasonable figures, the cost of condemnation being usually 25 to 50 per cent greater than if the same property had been acquired by a private citizen. Therefore, it usually happens that if the city condemns a slum area and erects sanitary houses thereon, and then attempts to charge rents which will pay a reasonable return upon the amount invested, the poor can no longer occupy such houses. The experiment of demolishing old unsanitary tenements was tried several years ago in New York City by the board of health and proved to be a failure, mainly because of the attitude of the courts.

The gradual elimination of old tenement houses through changes,

which not only improve them but which also place a check upon their value, has much to be said in its favor. The summary harshness which results from condemnation and demolition is thereby removed. The owner does not experience a serious loss by being allowed to rent his old and partly unsanitary building. He simply obtains a smaller revenue from it through rentals than he would receive from a new and better building. He is also obliged to spend something in repairs or alterations, and if his property decreases in value he knows that he cannot expect his building to be the equal of the newer type.

It may not be out of place to comment here upon the effect of our present system of taxation upon the replacement of old houses by new ones. We now tax at full value improvements as well as sites. Naturally, as the old buildings deteriorate, the assessors tend to lower their values, so that the owner gets some mitigation of the loss which he meets in having to accept lower rents. If the old building is demolished and a new one erected, his tax bill rises much more proportionately than would the increase in his revenue. It is therefore hardly open to question that a taxation on improvements in real estate tends to prolong the life of an old building and to retard the erection of a new one.

New York's new tenement house law has now been in effect a little more than twelve years. The old law tenements have so far held their own to a large extent. Modern standards of housekeeping have advanced rapidly, however, and this fact coupled with the number of new law tenements that have been erected will shortly result in the demolition of many of the old type to make way for the new. The same thing has happened in the case of many business buildings in the city. It is not an unusual sight to see a business building, erected only a decade ago, being torn down to give place to a new structure in keeping with modern demands. In the same manner, as soon as the old tenements have become sufficiently unpopular with tenants, wholesale demolition or reconstruction is bound to follow. That time is not far distant in New York City. The light rooms, the fireproof halls and stairs and the baths in the new law houses are now eagerly sought out by prospective tenants. Few of the old law houses contain baths; in many cases the toilets are in the yard, and owners of such buildings state that they already have the greatest difficulty in renting their apartments. The process of

eliminating the old buildings is now not one of law but of competition, which is both surer and speedier in its results. This stage would doubtless have been reached years ago but for the long period of litigation regarding the tenement house department's power to order the removal of school sinks and privies from the yards of tenement houses. While this litigation was in progress, few of the important alterations required by the tenement house law were made. During that period the status of old buildings was only a little better than if the old tenement house law had still been in effect. The new buildings were therefore temporarily unable to compete with the old from a financial standpoint, the difference in rentals being too great.

There is much to be said in favor of the contention that in the present stage of our municipal development, municipal regulation of housing is better than direct municipal operation. It seems hardly to be doubted that, were the city to go into the provisions of housing for its citizens on a large scale, it would serve to check private investment of the same character, and thus tend to create a worse rather than a better condition. There seems to be no lack of capital to provide adequate housing in any city, provided site values have not reached a prohibitive figure. When the city enters into competition for sites within its own area, it tends to enhance their values rather than otherwise, and in this way also tends to defeat its own object.